

Workforce News



A quarterly publication of the Department of Workforce Services: issued September 2009

Wasatch Front South: Salt Lake, Tooele

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Elevated Claims



Inside:

- **Salt Lake:** In the first quarter 2009, job cuts plagued the economy.
- **Tooele:** After the financial crisis, initial claims for unemployment benefits shot up at a record peak in April 2009.



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The current recession began in the U.S. after seasonally adjusted non-farm payroll employment peaked in December 2007. At that time, there were 138.2 million nonfarm jobs. There have been job losses every month since then, totaling 6.5 million by June 2009. It is important to note that seasonally adjusted nonfarm jobs in Utah also peaked in December 2007, as measured by the Bureau of Labor Statistics, and have fallen in 14 of 18 months, with 9 consecutive months of losses to June 2009.

Job counts, losses or gains provide an excellent barometer of what is happening to the labor market and the economy of any area. There is a problem, however, with the timeliness of that information. If we want to measure the economic health of a county in Utah there is a lag of four to five months after the end of each quarter before we have reliable nonfarm payroll job counts, because employers are asked to report their employment levels four times each year, one month after the end of each quarter. Workforce Services receives 60,000 plus employer reports that are classified, edited, and entered into the unemployment insurance sus-

tem. After which, this information is relatively complete, reliable, and ready to use.

If employment is falling in January 2008 in Tooele County, it becomes reliably evident with job counts that aren't available until July 2008, four months after March—the end of the first quarter.

In a recessionary period, there is one labor market measure that provides almost concurrent information, indicating within a few weeks whether significant employment losses are occurring—weekly initial unemployment insurance claims. This is a count of the number of people who make a new claim for unemployment benefits during a given week. This count is available as rapidly as the very next week and can be compared and contrasted with previous counts to indicate whether job losses are occurring and the economy is in a recessionary period.

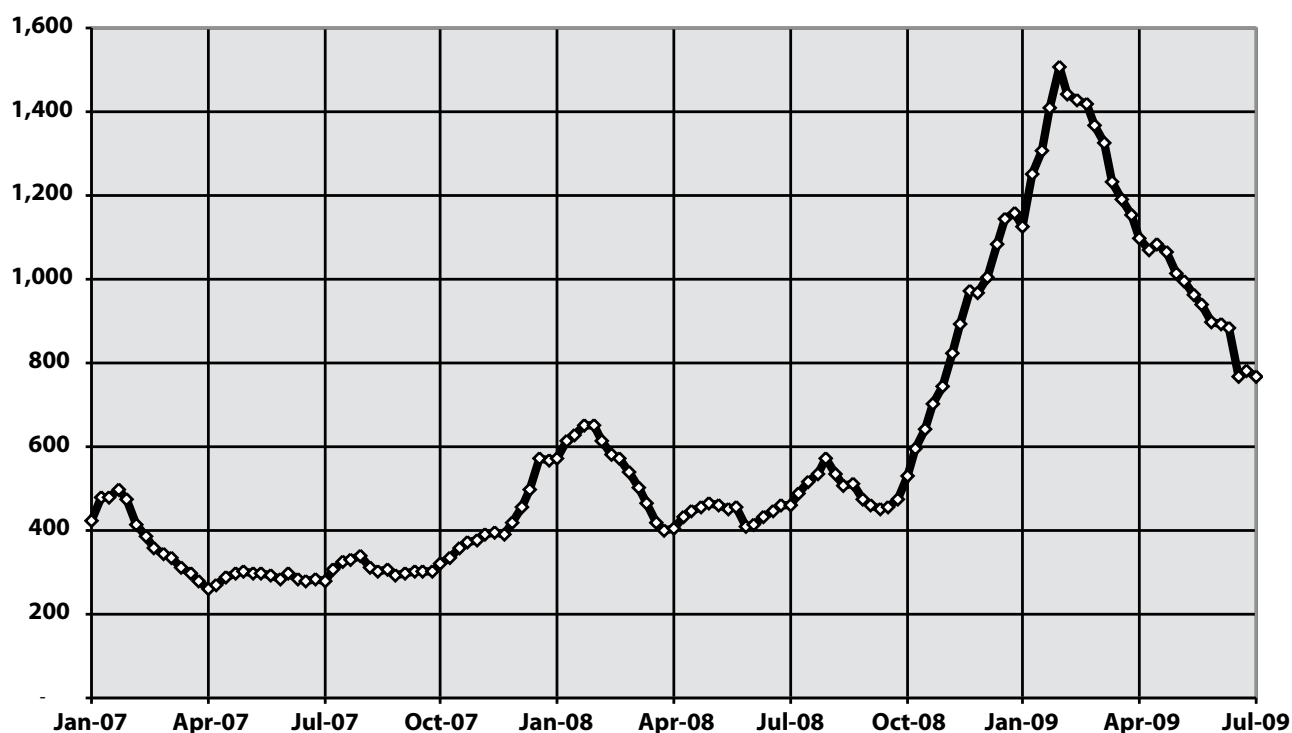
It is important to note that even in the best of economic times there are seasonal layoffs and businesses that are reducing employment or even closing. So any economy will have a

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Elevated Claims (continued)

Four-week Moving Average Salt Lake County Initial Unemployment Insurance Claims January 2007 to July 2009



Source: Utah Department of Workforce Services.

base level of new unemployment claims. Also, we know that any given week's claims can be quite volatile depending on factors such as when there is a holiday, seasonal layoffs, weather patterns, and natural disasters. Experience has shown that by using a four-week moving average, analysts can better interpret labor market trends that are evident from initial unemployment claims data.

What have the new claims for unemployment benefits told us about the recession in the Central Region of Salt Lake and Tooele Counties? Are jobs losses still occurring?

Salt Lake County

The four week moving average of initial unemployment

claims began to show significant increases in October of 2007, two months before the national and state employment peaked. Over the next 11 months, while the housing bubble burst, employment losses were evident in construction and in other housing related industries and new claims were well above year-ago levels. (See chart)

In August and September of 2008, the U.S. and world financial markets began to cease. Looking at Salt Lake County claims from October 2008, it seems as if someone just turned on a switch, with initial unemployment claims zooming upward from about 532 per week to

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Elevated Claims (continued)

Four-week Moving Average Tooele County Initial Unemployment Insurance Claims January 2007 to July 2009



Source: Utah Department of Workforce Services.

a record peak of 1,500 by the end of January 2009. They have since fallen back to about 780 by the beginning of July 2009, or about 68 percent above the levels of a year earlier and still flashing the signal of a labor market that is shedding jobs. Of course, we know that since October of 2008, job losses in Salt Lake County have been wide spread in almost all industries.

Tooele County

The four-week moving average of new claims did not show worrisome increases until the end of December 2007 in Tooele County, after which they were somewhat elevated during the first nine months as job losses were manifest in housing construction and related industries.

Just as with Salt Lake County, after the financial crises began, initial claims shot up from October 2008 with a record run-up peaking in April 2009. By the first week in July 2009, claims had fallen back to 37, well above the 29 recorded the previous year and more than double the 17 seen in July 2007.

Fortunately, initial claims are trending down from their record levels seen earlier this year in the Central Region counties of Salt Lake and Tooele. Unfortunately, current elevated new claims for unemployment insurance, that are evident all along the Wasatch Front and other areas of the state, indicate that we aren't out the woods yet with this recession. **WFN**

County News

Salt Lake County

In the first quarter of 2009, job cuts plagued the Salt Lake County economy. By March, year-over nonfarm payroll employment had fallen by 4.2 percent or 25,000 fewer jobs than in March 2008.

Employment losses were spread throughout most major industrial sectors. From March 2008 to March 2009 the largest employment declines occurred in professional and business services (-7,257 jobs), construction (-7,079 jobs), and trade, transportation, and utilities (-5,887 jobs). Two major industries, however, are generating new jobs compared to year-ago levels—private education and healthcare (+2,646 jobs) and government (+1,803 jobs).

The unemployment rate continues to increase as the labor market worsens. The number of unemployed in Salt Lake County increased from 17,963 in June 2008 to 31,312 in June 2009. This translates into the unemployment rate reaching 5.6 percent in June 2009 compared to 3.2 percent the previous year.

By the end of summer 2009, it appears that the deteriorating economic conditions in Salt Lake County have slowed significantly, but the bottom of this recession has yet to be reached.

Tooele County

During the first quarter of 2009, the Tooele County job market was stagnant. In March 2009 there were 115 fewer nonfarm jobs than recorded the previous March, a decline of 0.8 percent. This relatively small reduction compares very favorably to other counties along the Wasatch Front. Unfortunately, there have been significant jobs losses in construction (-253 jobs) and manufacturing (-149 jobs) from March 2008 to March 2009. Significant job growth during this period occurred in federal and local government, healthcare, and in professional and business services.

Unemployment for Tooele County residents has increased, not only because of job cuts in its labor market but as a result of layoffs suffered by some who commute to Salt Lake County for work. There were 1,740 residents unemployed in June 2009 compared to 1,003 in June 2008, with the unemployment rate increasing from 3.6 percent to 6.3 percent. **WFN**

For more info:

For more employment information about your county go to: <http://jobs.utah.gov/countyinfo>

Select your county, then go to Labor Market Indicators in the right-hand margin.

What's Up?

"Zions Bancorp reported a second-quarter net loss of \$40.7 million, mostly due to the need to set funds aside to cover problem loans. Salt Lake-based Zions set aside a much larger sum—\$762.7 million—in the second quarter compared to \$114.2 million during the same period the previous year. The increase was in anticipation of "deterioration" in commercial real estate and commercial industry loan portfolios."

—Deseret News

"Thousands roll into Salt Lake City for the **outdoor retailer convention**; Utah's economy welcomes the growing reputation for outdoor recreation and the \$19-million impact officials say the 20,000 attendees make during its convention."

—Deseret News

"Among the 23 new businesses created at the **University of Utah** in the past year are several that boast products and devices that could be life-saving. Others produce clean energy and aim to solve complex issues, from animation and imaging to restricting texting while driving. Many of the companies spring from the U's intense focus on implements used in medicine and bioscience, which is an internationally growing field. Others work to produce and conserve energy in various ways. The 23 companies created in fiscal year 2009, gave the U national recognition as one of the top-producing schools in the country."

—Deseret News

"Salt Lake leaders are moving forward with an \$8-million makeover of the **Gallivan Center**. The city's Redevelopment Agency approved a plan to construct a two-story building along 200 South, expand the center's amphitheater and build an at-grade ice rink."

—Deseret News

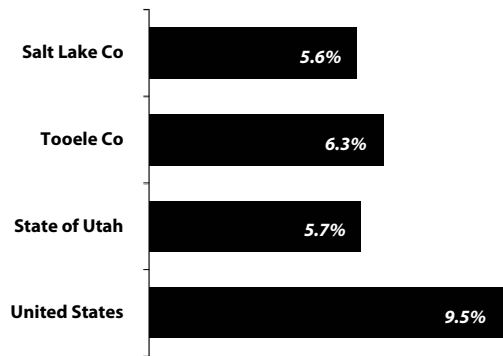
"The Salt Lake City Council approved an ordinance change clearing the way for a pair of oil companies to construct a 400-mile pipeline through Utah. The **UNEV Pipeline**, owned by **Holly Corp.** and **Sinclair Transportation Co.**, will run underground from the oil refineries in North Salt Lake, through 2,300 feet of Salt Lake City's Lowlands Conservancy Overlay District, and on to distribution centers in southern Utah and Nevada."

—Deseret News

"The first six months of 2009 may be a precursor to the challenges to come in Utah's real estate market, according to the Mid-Year 2009 Market Review, released Tuesday by real estate brokerage firm **Commerce CRG**. The Salt Lake City-based company said that **vacancies in the Salt Lake County office market** would likely continue to climb for the next six months of the year and into 2010 from its current rate of 13.6 percent."

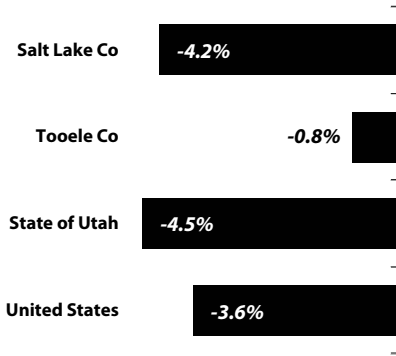
—Deseret News

Seasonally Adjusted Unemployment Rates
June 2009



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

Percent Change in Nonfarm Jobs
March 2008 to March 2009



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

03-51WS-0909